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4 November 1974

MEMORANDUM FOR: Deputy Director for Intelligence
THROUGH: Special Assistant for NSC and USIB Affairs
FROM: Chief, Analytical Techniques Group, Office
of Political Research
SUBJECT: Comments on a bootleg draft of Innovations
in Intelligence Production by C. W. Kelly, III
for the Commission on the Organization of the
Government for the Conduct of Foreign Policy

1. One of the main problems of this paper is that the author doesn't know much about his subject. Consequently, there are some gross distortions of what intelligence is all about, and how it is handled. The paper begins with a disclaimer that it is written from the author's own experience and point of view, and that he is describing his own work rather than reviewing the work of others. Unfortunately, Mr. Kelly frequently abandons his good intentions, and plunges into areas he knows nothing about. This is perhaps inevitable, since Kelly's own contact with intelligence production is limited.
2. The problem is compounded by the narrow, mechanistic approach that Kelly and his organization have taken to intelligence problems. Kelly's Decisions and Designs, Inc. lay heavy emphasis on decision analysis. In fact, whether they call it decision analysis, Bayes theory, or Markov techniques, the result is generally a multi-branched decision tree with all the goodies dangling, like bulbs on a Christmas tree. This technique is applicable to a limited range of problems, but it is hardly a valid or useful "core methodology." (p. 1)
3. I doubt if Kelly has any idea of the methodologies employed by [redacted] and others in OSR, the models that [redacted] and the OER people are using, or the various approaches to political analysis that my own Analytical Techniques Group in OPR is working on. There is also a good deal of innovation in DD/S&T components which I am at

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least dimly aware of. Even INR has taken some novel approaches to intelligence production. None of this appears in the Kelly report; rather we are all portrayed as bumbling traditionalists resisting progress.

4. I suppose it is fashionable now to blast the estimates process but Kelly's attack sounds pretty second-hand, as though culled from Joe Alsop columns. Kelly assumes, on what grounds I do not know, that there is a strong tendency for intelligence analysts to produce what the policymaker wants to hear. Estimates and other intelligence reports have their faults, but these do not include kowtowing to policymakers. I should think the stuff published in the Pentagon Papers would argue against that.

5. Much of the paper seems to be a sales pitch for Decisions and Designs, with frequent references to their own published collection of studies relating to intelligence. This may help to explain why the problems of intelligence production are portrayed in such dire terms. For example, does the Intelligence Community face an "almost impossible task" in insuring that its products are optimally responsive to intelligence users? Do intelligence analysts shy away from judgments about national behavior? Do analysts fail to consider why nations do what they are doing? (pgs. 5-6)

6. The suggested solutions to these horrendous failures of intelligence are, of course, all the standard techniques Decisions and Designs, Inc. have been peddling for years. In addition to decision theory -- a legitimate technique for intelligence analysis, if used sparingly and in appropriate circumstances -- event analysis is touted. A good deal of time and money has gone into event analysis, with rather meager results. Personally, I am dubious that it has much application to real intelligence problems.

7. One of the things that disturbed me particularly in this paper is the scheme for measuring the performance of analysts by "hit-rate" scoring. This is based on a number of dubious assumptions, including the concept that all analysis can be quantitative, and that a valid scoring

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system can be set up. As a former estimator and analyst, I view this as a mischievous misuse of analytical techniques. I think it reflects as well as anything else in the paper, the inadequacy of Kelly's appreciation of the complexity of intelligence production.



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MEMORANDUM FOR:

has really blasted the
Murphy Commission draft we gave him to review.

Do you want me to give a copy to

No

Yes ☒

*call it
"informal"
not to be
relegated
to others.*

5 November 1974
(DATE)

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WHICH MAY BE USED.

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